



State of California
Employment Training Panel

Training Proposal for:
Marich Confectionery Company, Inc.

Agreement Type: Small Business

Agreement Number: ET09-0201

Panel Meeting of: **July 25, 2008**

ETP Regional Office: **San Francisco Bay Area**

Analyst: A. Nastari

CONTRACTOR:

- Type of Industry: Manufacturing:
Priority Industry: ☒ Yes ☐ No
- Contractor's # of Full-Time Employees:
 - *California:* 97
 - *Worldwide:* 97
 - *Number to be trained:* 94
- Turnover Rate: 18.9%
- Repeat Contractor: ☒ Yes ☐ No

CONTRACT:

- Training Project Profile: Priority/Retrainee
HUA/Retrainee
- ETP Funding Amount: \$68,432
- In Kind Contribution: \$40,000
- Average Cost per Trainee: \$728
- Post Retention Wage Range: \$9.64 to \$48.45 for all Job Numbers
- Health Benefits: \$2.30 per hour
- Occupations to be Trained: Administrative Staff; Accounting Staff;
Maintenance Staff; Managers; Owners; Packaging
Staff; Production Staff; Purchasing Staff;
Sanitation Staff; Supervisors; Warehouse Staff
- Training Menu:
 - ☒ Computer ☐ Management
 - ☐ Commercial ☒ Business
 - ☒ Cont. Improvement ☒ Other: Manufacturing

- Range of Hours: 8 - 60 Weighted Avg: 28
- Multiple Job Numbers: ☒ Yes ☐ No
- County(ies) Served: San Benito
- Union Representation: ☐ Yes: ☒ No
- Subcontractors: Tempo-Consulting, San Francisco, for Continuous Improvement Skills training for an amount to be determined.
- Third Party Services: None

INTRODUCTION

Marich Confectionery Company, Inc. (Marich), a small business located in Hollister, is a manufacturer of confectionery. Marich blends a variety of flavors and textures, and in some cases adds dried fruits and/or a variety of nuts, to create a wide selection of candies.

This is Marich's request for a second contract. In 2004, Marich sought ETP funds for its initial move towards becoming a high performance workplace by training 14 of its 57 workers to develop a core group of trainers and leads to create a team-based environment in its warehouse and some production areas. That proposal also included a small portion of lean and manufacturing skills specific to warehousing and inventory control skills. With the foundation of that training in place, Marich is now prepared to deliver a series of continuous improvement training courses and implementing a new Material Resource Planning (MRP) system which will affect all areas of the company.

In the past three years, Marich has expanded its workforce from 57 workers to 97 workers. The company has also expanded its product line, customer base, and internet sales. Marich's confectionery makers continue to develop and provide a wider range of products resulting from experimentation with improved ingredients. Upgraded manufacturing equipment allows Marich to use a wider range of ingredients. However, this also requires Marich to improve inventory accuracies, maintain a lean warehouse, and process finished goods in a timely manner.

Computer skills are required in the company's MRP system which will integrate information from all departments. This will allow Marich to accurately track inventory, sales, revenue, and generate reports, thus enhancing communication among all departments. Workers will also be able to provide timely information to address customers' orders and questions. Training in upgraded manufacturing processes is instrumental for Marich's expanded product line which uses a variety of different ingredients.

This proposal is submitted under ETP's High Unemployment Area project.

HUA Wage Modification

The Panel may fund training in a High Unemployment Area (HUA). This is a region with unemployment exceeding the state average by at least 25%, using the unemployment rate set by the Labor Market Information Division of the Employment Development Department. (Title 22, California Code of Regulations, Section 4429(b).) The Panel may reduce the ETP minimum wage requirement by up to 25 % for training in a HUA on a case-by-case basis.

Marich is requesting the ETP Minimum Wage for San Benito County of \$12.85 per hour (including benefits) for 29 of its workers. Marich pays at least \$2.30 per hour in health benefits and would meet and, in many cases exceed the HUA modified wage of \$9.64 per hour. For employees who do not meet the \$12.85 hourly wage, Marich has agreed to increase workers' post-retention wages by at least 7% higher than the trainee's base wage was at the start of training.

Marich is one of the few manufacturing companies located in Hollister, a high agricultural, rural area, located in San Benito County. Although San Benito County is not identified as a HUA, current LMID information shows San Benito's unemployment rate at 8.8% to California's statewide unemployment rate of 6.8%. Of San Benito County's four cities, Hollister is the largest city with a labor force of 16,800. However, 10% (1,700 workers) of the workforce is unemployed. Based on the above information, Hollister meets the definition of an HUA.

If funding is allowed as requested, two job numbers will be used to accurately document the wages of the trainees. Job Number 1 will consist of 65 trainees who earn the standard hourly wage of \$12.85 per hour (including health benefits) for San Benito County. Job Number 2 will consist of 29 trainees who earn the HUA modified wage of \$9.64 per hour (including health benefits) but whose wages will increase by at least 7% higher than the start of training base wage.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal, including Marich's request to fund Job Number 2 with HUA funding.

PRIOR PROJECTS

The following table summarizes performance by the company under an ETP Agreement that was completed within the last five years:

Agreement No.	Location (City)	Term	Approved Amount	Payment Earned
ET04-0601	Hollister	12/29/03 – 6/30/04	\$10,920	\$9,360

Marich achieved a performance rate of 86%.